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SUBJECT: INSIGHTS INTO CORREA,S NATIONALIST VISION FOR  
RADICAL CHANGE

Classified By: DCM Jefferson Brown, Reasons 1.4 (B) and (D).

¶1. (SBU) Summary: Senior Ecuadorian officials uniformly stressed, in a series of recent meetings with visiting WHA/AND Director Chacon, the importance that President Correa places on changing the political landscape, economic playing field and social fabric of Ecuador. Security officials discussed the importance and wide scope of Plan Ecuador, a planning official outlined the key elements of the soon-to-be unveiled National Development Plan, and Foreign Ministry Officials sketched some of the core elements of Ecuador's foreign policy and reaffirmed the importance Ecuador places on its relations with the U.S. In meetings with the AmCham and political/economic commentators, Chacon heard varying degrees of frustration with the GOE's policies and uncertainty about the direction of the country. End summary.

#### Plan Ecuador and National Development Plan

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¶2. (SBU) Vice Minister for Defense Miguel Carvajal told Chacon, DCM and DATT that the social role of the military is of extreme importance. He said the Correa administration believes that 21st century socialism has nothing to do with "the communism or socialism of the Cold War," but rather is the "strengthening of democracy and democratic institutions." He noted that often the armed forces represent the only government authority in rural and border areas. Supporting Plan Ecuador is a top priority for the Ministry, and it plans to do this primarily through infrastructure and civil action projects. He also said that the model of the current constitution, which places the military as the "guarantor of democracy," had to be changed. The military should be co-equal among several guarantors of democracy, along with the legislative and judicial branches, for example, and ultimately the people.

¶3. (SBU) Claudia Donoso, advisor to "Super" Minister for Internal and External Security Fernando Bustamante, told Chacon that Plan Ecuador is the "mandate of the president," and that "solutions to the border's problems could not only be found in Quito." She said that her office is painstakingly conducting consultations in the field, first at the municipal level and then at the provincial level. She took great pains to say that Plan Ecuador was not just "projects" but was equally a "set of policies" designed to improve the lives of people living at the border.

¶4. (SBU) Rene Ramirez, General Under Secretary at the National Secretariat of Planning and Development (SENPLADES), said that Plan Ecuador represents only a part of Ecuador's new National Plan for Development, to be released on Tuesday, September 18. The National Plan, he said, is the GOE's

effort to create big institutional changes in government and initiate a new push in planning. Key elements of the plan include investment planning, follow-up, research and information (a school for policy and government will be created). The plan also includes proposed changes to the constitution and laws that will be presented to the Constituent Assembly. SENPLADES operates just below the presidency, with 10-15 employees working on the Plan. Ramirez stressed that the Plan's goal is not statism, but capacity building, decentralization and improved civil society participation that will help all levels in Ecuador better plan and invest in their future. It is an effort, he said, to break up the regional divisions that keep the government from being effective. He added that the National Plan is an invitation to the private sector to develop a "grand contract" with the government.

#### Foreign Ministry Meetings

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¶5. (SBU) Diego Stacey, Under Secretary for Bilateral Relations at the Foreign Minister said that Ecuador emphasized the continuing importance of the U.S. relationship, even as the GOE seeks to deepen regional ties and explore new partnerships. He said that Ecuador is experiencing a notable warming of relations with Asia, and that there are many verbal and written expressions of interest pointing to a trend of increased investment from Asia, especially in the energy sector. He characterized relations with the U.S. as good, and said that while "our roots are different, our values are the same." He said that pure trade agreements are not appropriate for Ecuador, however, and that the GOE is trying to create much broader types of associations. He then spoke at length about worrisome relations with Colombia, and how the bilateral relationship had deteriorated in recent weeks. He said Ecuador is waiting for a gesture from Colombia in order to move forward.

¶6. (SBU) Antonio Ruales, Vice Minister for Foreign Trade, also stressed that strong relations with the U.S. are important to Ecuador. On the possibility of an Economic Dialogue with the U.S., Ruales said that he hopes the Minister of Foreign Affairs will present the outline he drafted to President Correa this week (September 10), so that talks may soon begin to define an agenda. He previewed that their proposed agenda will be arranged along three main pillars: commercial relations; political issues (such as counter-narcotics cooperation); and cooperation (development assistance).

¶7. (SBU) Turning to Ecuador's trade agenda, Ruales said that Ecuador will sign in October or November an "agreement of association" with Chile that includes economic matters as well as broader social issues. As part of the Andean Community, the GOE is about to initiate negotiations with the EU for an association agreement. Ecuador also hopes to sign a bilateral agreement with Canada in the near future. Ruales said that Ecuador would also like to have a broad agreement with the U.S. He continued that U.S. FTAs with Colombia and Peru will create problems for Ecuadorian agricultural products such as flowers, which will be at a competitive disadvantage in the U.S. market, but said that this would not be the case in some sectors, such as fruit and frozen foods.

#### AmCham and Political/Economic Commentators

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¶8. (SBU) At a lunch meetings with members of the Ecuadorian-American Chamber of Commerce in Quito, Chacon heard about the uncertainty that most of the private sector feels about economic policy. Robert Moss, AmCham president, was particularly skeptical, arguing that the GOE has damaged the investment environment and neglected relations with its largest trading partner. On the other hand, Bernardo Traversari, Executive Director of the AmCham, stressed that in many instances the government has in the end pursued relatively pragmatic policies.

¶9. (C) Finally, five Ecuadorian opinion leaders from various sectors offered their views on the Correa government's performance and future intentions during a September 11 luncheon hosted by the Ambassador. Their consensus was that Correa had succeeded in defining himself as representing the next generation and an agent for change, while the opposition had failed to attract new young leaders with new ideas. Three guests were highly critical of Correa ) Ecuadorian Business Committee President Patricio Donoso, economic analyst Ramiro Crespo, and former Government Minister Rodolfo Barniol. They decried the government's allegedly "communist" rhetoric and its unwillingness to dialogue with the private sector. Barniol criticized the Correa government for putting forward a budget it would not have revenue to carry out, saying the GOE was playing with fire. He and Donoso expressed doubt the coastal region would tolerate the economic and social changes the government wanted. Former FTA negotiator Manuel Chiriboga was the only guest who gave Correa the benefit of the doubt. He considered Correa's distance from the private sector -- hurt by its association over many years with the Social Christian Party and clearly needing to re-invent itself -- as an electoral tactic and highlighted encouraging signs of pragmatism such as Correa's unwillingness to join ALBA during Venezuelan President Chavez' August visit, and Minister of Economy Ortiz's recent meeting with the IDB as an effort to secure funds to support the budget.

¶10. (C) Comment: The various GOE interlocutors did a good job of conveying the historic backdrop and diagnosis of current problems that explain, in their view, why Correa won his mandate and why his vision for change is the right one. They were clearly intent on emphasizing that Ecuador had its own unique context, distinct from that of Chavez. But as the Constituent Assembly approaches, his opponents remain wary. With several big GOE initiatives in the making, and strong overall public support, the Correa and like-minded forces will clearly have the best showing in the elections. Time will tell, however, if Correa can keep the left united, whether his supporters can bring about genuine change, and exactly what shape that change may ultimately take. End comment.  
JEWELL